(SHRI M. V. CHANDRASEKARA MURTHY): (a), (b) and (d) In an economy in which cross border capital inflows are allowed, the management structure and shareholding pattern of individual companies are determined by the shareholders subject to SEBI's (Substantial Acquisition of Shares and Takeover) regulations 1994. Further the acquisition of equity of Indian copmpanies on a preferential basis is subject to SEBI's guidelines of 4th August, 1994, which stipulate a 5 year lock-in period plus a market based pricing formula. The New Industrial Policy of July, 1991, recognised foreign direct investment as an important instrument of technology transfer and industrial development leading to growth in income and employment.

(c) There is no proposal to lease out the Pentcillin-G facilities of Hindustan Antibiotics Limited (HAL) to MAX-GB Ltd. The proposal is for upgradation of the technology of the Penicillin-G plant of HAL through a joint venture between HAL and MAX-GB Limited, in which HAL will have 50 per cent equity share and the Pen. G. facilities will be leased out to this joint venture.

Impact of increasing money supply on inflation

1143. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) what has been the impact of increasing money supply on inflation during the last three years;

(b) whether the financial sector reforms have brought about significant development as discernible by the masses; and

(c) whether after passing the Recovery of Dots due to Banks and FIs the banks and FIs have been strengthen?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Growth in money supply declined from 19.3 per cent in 1991-92 to 15.7 per cent in 1992-93 but again rose to 18.2 per cent in 1990-94. Rate of inflation as measured by annual percentage change in wholesale price index number declined from 13.6 per cent in 1991-92 to 7 per cent in 1992-93 but picked up again to 10.8 per cent at the end of 1993-94. However, it is difficult to establish a one to one correspondence between growth in money supply and inflation. The general supply constraints, output shortfalls and administered price increases are among other important factors responsible for inflation.

(b) The financial sector reforms which aim at increasing the allocative efficiency and competitiveness of the financial system are expected to strengthen the financial institutions and improve customers' service by them ad ultimately benefit the people as savers and users of funds.

(c) Special Debt Recovery Tribunals have been set up under the Recovery of Debts due to Banks and Financial Institutions Act, 1993. These tribunals are to adjudicate expeditiously the loan recovery cases of the banks and financial institutions. New prudential norms have made banks and financial institutions more prudent and accountable than ever before with regard to recovery of bad debts. The recovery performance was also one of the imptrtan-performance obligations laid down for the release of funds by the Government augment the capital base of the public sector banks.

Permission to MNCs to invest in INDIA

1144. SHRI S. S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that, besides foreign banking companies, several multi-national financial corporations have also been allowed to do business in India;